

# Spartanburg Community College

## Independent Auditors' Report

Financial Statements and Schedules for the Year Ended June 30, 2009



# SPARTANBURG COMMUNITY COLLEGE





# SPARTANBURG COMMUNITY COLLEGE

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## **SPARTANBURG COMMUNITY COLLEGE**

Area Commission Members, Officers, Key Staff and Other Pertinent Information  
Audit Period July 1, 2008 – June 30, 2009

### AREA COMMISSION

	<u>School District Represented</u>	<u>Term Expires</u>	<u>Office Held</u>
Mr. Bart C. Winkler	School District 1	4/27/13	
Mrs. Tammy Devine	School District 2	5/23/11	Secretary
Mr. Danny T. Phillips	School District 3	4/27/12	Vice Chairman
Mr. F. Gary Towery	School District 4	4/27/09	Chairman
Mr. William Bruce Johnson	School District 5	4/27/12	
Mr. William G. Sarratt	School District 6	4/27/13	
Mr. James L. Hailstock	School District 7	4/27/12	
Mr. William D. Gwinn	School District 1	11/15/09	(Member-at-Large)
Mr. James M. Folk	School District 6	11/15/09	(Member-at-Large)
Ms. DeLoris H. Oliver	School District 7	05/23/11	(Member-at-Large)
Mr. Thomas F. Hatcher	Cherokee County	05/23/11	
Dr. Scott Turner	Spartanburg	Ex-Officio	
Mr. Whit Kennedy	Spartanburg	Ex-Officio	

### OFFICERS AND KEY ADMINISTRATIVE STAFF

Dr. Dan L. Terhune	President
Mr. Henry C. Giles	Executive Vice President
Dr. Patricia P. Abell	Vice President of Planning and Information Resources
Mr. Ronald Jackson	Vice President of Student Affairs
Dr. David A. Just	Vice President of Corporate and Community Education
Ms. Sherrill H. Vaughn	Vice President of Academic Affairs
Mr. Mike Forrester	Director of Economic Development
Ms. Kelley P. Jones	Executive Assistant to the President and Interim Executive Director of SCC Foundation
Ms. Tonya Keller	Administrative Assistant to the President
Ms. Faye Perry	Administrative Assistant to the President

### AREA SERVED BY COLLEGE

Spartanburg, Cherokee and Union Counties



CLINE BRANDT KOCHENOWER  
& Co., P.A.  
Certified Public Accountants  
*Established 1950*

ALBERT B. CLINE, CPA  
RAYMOND H. BRANDT, CPA  
BEN D. KOCHENOWER, CPA, CFE, CVA  
STEVEN L. BLAKE, CPA, CFE  
TIMOTHY S. BLAKE, CPA  
JENNIFER J. AUSTIN, CPA

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Independent Auditors' Report

Spartanburg Community College  
Spartanburg, South Carolina

We have audited the accompanying basic financial statements of Spartanburg Community College, a component unit of the South Carolina Technical and Comprehensive Education Board, as of and for the year ended June 30, 2009. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, the Spartanburg Community College Foundation. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component unit, the Spartanburg Community College Foundation, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the revised July, 2009 *State Board Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Spartanburg Community College Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Spartanburg Community College and its discretely presented component unit, as of June 30, 2009, and the results of its operations and the changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2009 on our consideration of Spartanburg Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplemental schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Spartanburg Community College. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in blue ink, appearing to read "Clint Brantley & Co. PA". The signature is fluid and cursive, with a long horizontal stroke extending from the middle of the name.

September 10, 2009



## Management's Discussion and Analysis

As management of Spartanburg Community College, we offer readers of the college's financial statements this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2009, with comparative data for fiscal year ended June 30, 2008. The emphasis of discussion about these statements will be on current year data.

This report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34, No. 35, No. 39 and No. 40 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows and replaces the fund-group perspective. The GASB statement presentation focuses on the financial condition of the College as a whole.

### Overview of the Financial Statements

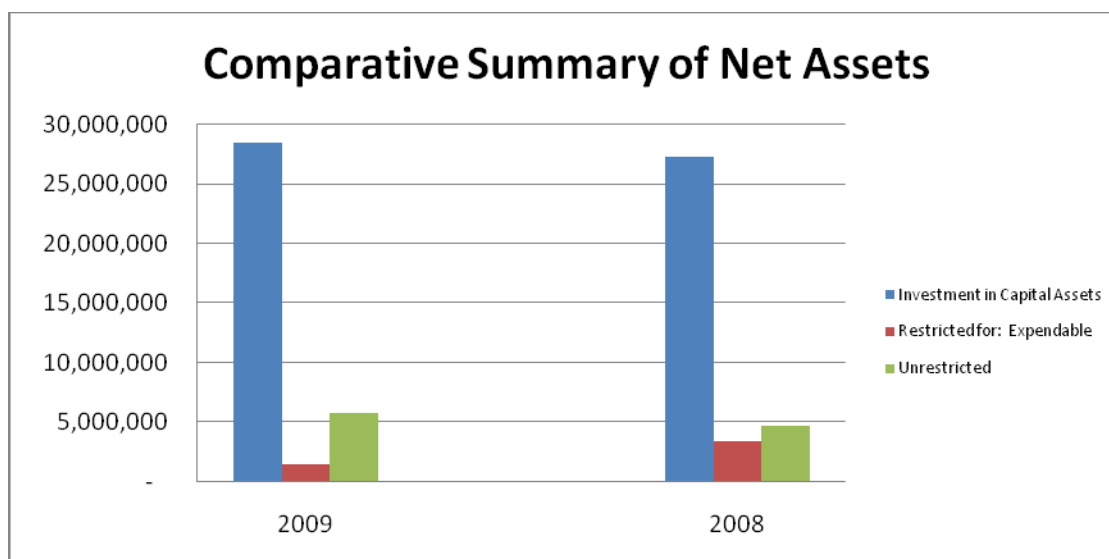
The College is engaged only in Business-type Activities (BTA) that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Assets; Statements of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

The Statement of Net Assets presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and non-current. The difference between total assets and total liabilities is net assets, which are displayed in three broad categories: invested in capital assets (net of related debt), restricted and unrestricted. Net assets are one indicator of the current financial position of the College, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year.

- The assets of Spartanburg Community College exceeded its liabilities at June 30, 2009, by \$35,797,158 (net assets). Of this amount, \$5,847,348 (unrestricted net assets) may be used to meet the College's ongoing obligations.
- Total assets of the College increased by \$283,884. Of this change, unrestricted cash and cash equivalents increased by \$241,509, accounts receivable decreased by \$1,448,288 and capital assets, net of accumulated depreciation increased by \$252,061.
- Total liabilities decreased by \$1,047,783. Deferred revenue increased by \$507,052 due to the receipt of grant funding for CCE late in the fiscal year.
- The net result is net assets increased by \$283,884.

**Condensed Summary of Net Assets  
As of June 30, 2009 and 2008**

	2009	2008	Increase (Decrease)
<b>Assets</b>			
Current Assets	\$ 10,534,480	\$ 11,550,440	\$ (1,015,960)
Capital Assets	40,744,271	40,492,210	252,061
Other	0	0	0
Total Assets	<u>51,278,751</u>	<u>52,042,650</u>	<u>(763,899)</u>
<b>Liabilities</b>			
Current Liabilities	3,103,734	3,283,331	(179,597)
Non-current Liabilities	<u>12,377,859</u>	<u>13,246,045</u>	<u>(868,186)</u>
Total Liabilities	<u>15,481,593</u>	<u>16,529,376</u>	<u>(1,047,783)</u>
<b>Net Assets</b>			
Invested in Capital Assets, net of Debt	28,483,233	27,289,637	1,193,596
Restricted - Capital Projects	1,611,203	3,609,431	(1,998,228)
Restricted - Debt Service	(109,496)	(120,268)	10,772
Loans	(35,130)	(8,038)	(27,092)
Unrestricted	<u>5,847,348</u>	<u>4,742,512</u>	<u>1,104,836</u>
Total Net Assets	<u>\$ 35,797,158</u>	<u>\$ 35,513,274</u>	<u>\$ 283,884</u>



The Statement of Revenues, Expenses, and Changes in Net Assets is basically a statement of net income that replaces the fund perspective with the entity-wide perspective. Revenues and expenses are categorized by operating and non-operating. Expenses are reported by object type.

GASB requires state appropriations and gifts to be classified as non-operating revenues. This requirement results in an operating deficit for the College.

- The College experienced an operating loss of \$16,296,530 as reported in the Statement of Revenues, Expenses and Changes in Net Assets. However, this operating loss is largely offset by state appropriations of \$8,950,506, the College's largest single source of revenue, and local appropriations of \$4,457,870.
- The scholarship allowance for tuition increased from \$6,597,363 to \$8,618,142 due to the increase in enrollment and an increase in both the number and total amount of Pell grant awards. Pell grant awards increased by \$1,568,181.

**Condensed Summary of Revenues, Expenses and Changes in Net Assets  
For the Years Ended June 30, 2009 and 2008**

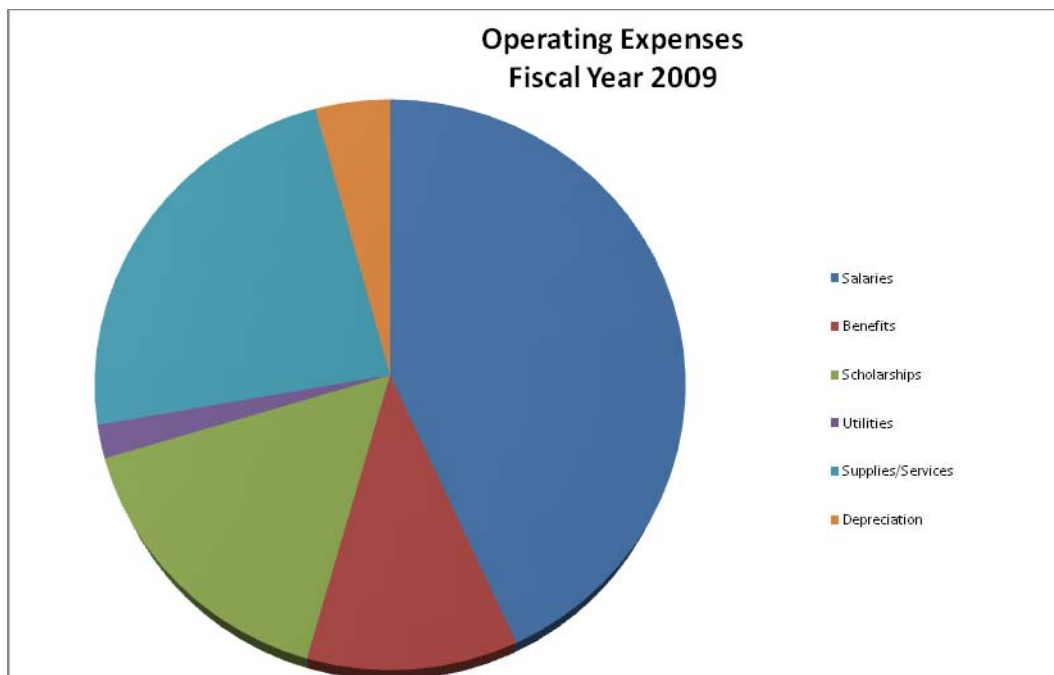
	2009	2008	Increase (Decrease)
Operating Revenues			
Student Tuition & Fees	\$ 10,614,201	\$12,021,173	\$(1,406,972)
Grants & Contracts	13,808,877	12,410,471	1,398,406
Auxiliary Enterprises	2,295,145	2,196,764	98,381
Sales & Services	58,297	58,754	(457)
Other	766,248	447,912	318,336
Total Operating Revenues	27,542,768	27,135,074	407,694
Less Operating Expenses	43,839,298	43,653,682	185,616
Operating Income (Loss)	(16,296,530)	(16,518,608)	222,078
Non-operating Revenue			
State Appropriations	8,950,506	12,278,375	(3,327,869)
State Appropriations - Other	0	100,000	(100,000)
State Capital Appropriations	0	1,162,995	(1,162,995)
County Appropriations	4,457,870	3,920,249	537,621
County Capital	998,971	1,000,000	(1,029)
Interest Income	15,275	94,454	(79,179)
Interest on Capital Asset	(496,821)	(536,189)	39,368
Gain/Loss on Disposal of Assets	14,810	1,695	13,115
Grants & Contracts	2,639,804	3,393,714	(753,910)
Total Non-operating Revenues	16,580,414	21,415,293	(4,834,879)
Increase in Net Assets	283,884	4,896,685	(4,612,801)
Net Assets, Beginning of Year	35,513,274	30,616,589	(4,896,685)
Net Assets, End of Year	<u>\$ 35,797,158</u>	<u>\$35,513,274</u>	<u>\$ 283,884</u>

Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution.

- Salaries increased \$1,339,188 due to additions to faculty and staff, and pay increases of 1% plus \$2,500 for nine month faculty and 1% plus \$500 for staff.
- Benefits increased by \$52,471 due to the pay increases and increasing cost of benefits such as retirement and insurance.
- Supplies and services decreased by \$2,351,605. Much of this decrease was due to state budget reductions resulting in reductions to O&M budgets that necessitated the Commission paying some operating costs from delayed plant fund projects.
- Scholarships increased by \$980,211 due to an increase in student loans and grants.

**Condensed Summary of Operating Expenses  
For the Years Ended June 30, 2009 and 2008**

	2009	2008	Increase (Decrease)
Salaries	\$ 18,941,814	\$ 17,602,626	\$ 1,339,188
Benefits	4,905,656	4,853,185	52,471
Scholarships	6,980,382	6,000,171	980,211
Utilities	830,653	721,747	108,906
Supplies/Services	10,331,793	12,683,398	(2,351,605)
Depreciation	1,849,000	1,792,555	56,445
Total	<u>\$ 43,839,298</u>	<u>\$ 43,653,682</u>	<u>\$ 185,616</u>



The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, non-capital financing, and investing activities. This statement also emphasizes the College's dependence on State and County appropriations by separating them from operating cash flows.

- The change in cash flows is principally due to the dramatic reduction in non-capital financing activity because of significant state funding cuts in 2008-09.

**Condensed Summary of Cash Flows  
For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>	<u>Difference</u>
Operating Activities	\$(14,578,118)	\$(14,890,768)	\$312,650
Non-capital Financing Activities	16,278,834	19,673,303	(3,394,469)
Capital and Related Financing Activities	(1,474,482)	(2,638,961)	1,164,479
Investing Activities	15,275	94,454	(79,179)
Net Increase in Cash	241,509	2,238,028	(1,996,519)
Cash & Cash Equivalents - Beginning of Year	7,528,029	5,290,001	2,238,028
Cash & Cash Equivalents - End of Year	<u>\$ 7,769,538</u>	<u>\$ 7,528,029</u>	<u>\$ 241,509</u>

## Financial Analysis

Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$35,797,158 at the close of the fiscal year.

By far the largest portion of the College's net assets (80%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The College uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the College's net assets, 4% represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets of \$5,847,348 (16%) may be used to meet the College's ongoing obligations.

Cash was increased by \$241,509. Overall cash provided from non-capital financing activities included state and local appropriations, grants and gifts, and other income of approximately \$15.9 million, used to fund operating activities.

## **Financial Analysis**

The College capitalized the lease with the Spartanburg Community College Foundation. Lease payments in the amount of \$199,000 were made this fiscal year.

Renovations continue on the Tyger River Campus and to the shop/lab section of the East Building on the main campus.

## **Economic Factors**

This past year, the State appropriation to the State Board for Technical & Comprehensive Education was dramatically reduced due to the unprecedented economic downturn experienced during the last half of 2008 and continuing in 2009. State funding to the College was reduced by 23.5% and additional reductions are expected in fiscal year 2009-10. Spartanburg County increased their regular appropriation to the College by \$537,621.

Spartanburg Community College experienced an increase in enrollment of 7% during 2008-09. We have projected and budgeted for an additional 3% increase in enrollment for 2009-10.

Increased use of our facilities will put demands on our operational costs. Utilities are expected to increase and the cost of transportation between the three campuses will increase. Staffing all of our sites will become a top priority as the student enrollment increases at the Tyger River and Cherokee County campuses.

During the 2008-09 fiscal year, the College received \$998,971 from Spartanburg County to renovate the Tyger River Campus. This facility will be used by industry and business to train and hire new employees. This facility will act as an incubator for future business growth in Spartanburg County. Spartanburg County funded the College \$1 million for renovations to Tyger River Campus for fiscal year 2007-08.



**SPARTANBURG COMMUNITY COLLEGE**

## Statement of Net Assets

June 30, 2009

**ASSETS**

## CURRENT ASSETS

Cash and Cash Equivalents	\$ 7,769,538
Accounts Receivable, Net	2,091,239
Inventories	311,943
Other Assets	361,759

Total Current Assets	<u>10,534,479</u>
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## NONCURRENT ASSETS

Restricted Cash and Cash Equivalents	-
Capital Assets, Net of Accumulated Depreciation	40,744,271

Total Noncurrent Assets	<u>40,744,271</u>
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Total Assets	<u><u>51,278,750</u></u>
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**LIABILITIES**

## CURRENT LIABILITIES

Accounts Payable	135,427
Compensated Absences	110,289
Accrued Payroll and Related Liabilities	444,093
Long-term Liabilities - Current Portion	941,533
Deferred Revenue	1,362,894
Accrued Interest Payable	109,497

Total Current Liabilities	<u>3,103,733</u>
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## NONCURRENT LIABILITIES

Long-term Liabilities - Noncurrent Portion	10,919,505
Compensated Absences - Payable	1,058,354
Other Liabilities - Advance	400,000

Total Noncurrent Liabilities	<u>12,377,859</u>
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Total Liabilities	<u><u>15,481,592</u></u>
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**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	28,483,233
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## Restricted For:

## Expendable:

Loans	(35,130)
Capital Projects	1,611,203
Debt Service	(109,496)

Unrestricted	<u>5,847,348</u>
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Total Net Assets	<u><u>\$ 35,797,158</u></u>
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SEE NOTES TO FINANCIAL STATEMENTS

**SPARTANBURG COMMUNITY COLLEGE**  
Statement of Revenues, Expenses and Changes in Net Assets  
For the Year Ended June 30, 2009

**REVENUES**

**OPERATING REVENUES**

Student Tuition and Fees	\$ 9,005,487
(Net of Scholarship Allowances of \$7,314,721)	
Student Tuition and Fees Pledged for Revenue Bonds	1,608,714
(Net of Scholarship Allowances of \$1,303,421)	
Federal Grants and Contracts	8,459,228
State Grants and Contracts	4,747,957
Local Grants and Contracts	601,692
Sales and Services of Educational Departments	58,297
Auxiliary Enterprises (Net of Scholarship Allowances of \$607,739)	2,295,145
Other Operating Revenues	766,248
Total Operating Revenues	<u>27,542,768</u>

**EXPENSES**

**OPERATING EXPENSES**

Salaries	18,941,814
Benefits	4,905,656
Scholarships	6,980,382
Utilities	830,653
Supplies and Other Services	10,331,794
Depreciation	1,849,000
Total Operating Expenses	<u>43,839,299</u>
Operating Income (Loss)	<u>(16,296,531)</u>

**NONOPERATING REVENUES (EXPENSES)**

State Appropriations	8,950,506
Local Appropriations	4,457,870
State Appropriations - Other	-
Investment Income	15,275
Gain/Loss on Investments	-
Interest Capital Asset-Related Debt	(496,821)
Federal Grants and Contracts	2,616,505
State and Local Grants and Contracts	16,199
Net Non-operating Revenues	<u>15,559,534</u>
Income Before Other Revenues, Expenses, Gains or Losses	<u>(736,997)</u>

State Capital Bonds	-
Local Capital Bonds	998,971
Capital Grants and Gifts	7,100
Gain(Loss) on Disposal of Capital Assets	14,810
Increase in Net Assets	<u>283,884</u>

**NET ASSETS**

Net Assets - Beginning of Year	<u>35,513,274</u>
Net Assets - End of Year	<u><u>\$ 35,797,158</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

**SPARTANBURG COMMUNITY COLLEGE**

Statement of Cash Flows  
For the Year Ended June 30, 2009

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and Fees	\$ 11,262,154
Federal, State and Local Grants and Contracts	13,641,366
Auxiliary Enterprise Charges	2,477,463
Payments to Suppliers for Goods and Services	(16,726,093)
Payments to Employees	(19,077,171)
Payments for Scholarships and Fellowships	(6,980,382)
Other Receipts	824,544
Net Cash Provided (Used) by Operating Activities	<u>(14,578,119)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	9,188,573
State Appropriations - Other	-
County Appropriations	4,457,870
Grants & Gifts Received for Other Than Capital Purposes	2,632,703
Net Cash Flows Provided by Noncapital Financing Activities	<u>16,278,834</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

State Appropriations	1,162,995
Federal Grants and Contracts	175,000
Local Grants and Contracts	722,901
Purchase of Capital Assets	(2,101,062)
Gain on Disposal of Assets	14,810
Principal Paid on Capital Debt	(941,533)
Interest Paid on Capital Debt	(507,593)
Grants and Gifts Received for Capital Purposes	-
Net Cash Provided by Capital and Related Financing Activities	<u>(1,474,482)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on Investments	15,275
Gain(Loss) on Investments	-
Net Cash Flows Provided (Used) by Investing Activities	<u>15,275</u>

Net Increase (Decrease) in Cash

241,509

Cash - Beginning of Year

7,528,029

Cash - End of Year

\$ 7,769,538

**Reconciliation of Net Operating Revenue (Expenses) to Net Cash**

**Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ (16,296,530)
Adjustments to Reconcile Net Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Depreciation Expense	1,849,000
Change in Assets and Liabilities	
Receivables, Net	155,712
Inventories	(14,637)
Deferred Charges and Prepaid Expenses	(164,593)
Accounts Payable and Accrued Expenses	(684,125)
Compensated Absences	70,007
Deferred Revenue	507,047
Deposits Held for Others	-
Gain on Disposal of Assets	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (14,578,119)</u>

SEE NOTES TO FINANCIAL STATEMENTS

**SPARTANBURG COMMUNITY COLLEGE FOUNDATION**

Statement of Financial Position  
For the Year Ended June 30, 2009

**ASSETS*****CURRENT ASSETS***

Cash	\$ 112,871
Cash Restricted for Cherokee County Campus	52,742
Cash Restricted for Scholarships and College Support	129,355
Cash Restricted for Use by Alumni Association	1,700
Accounts Receivable	13,259
Prepaid Insurance	3,675
Total Current Assets	<u>313,602</u>

***PROPERTY AND EQUIPMENT***

Land	432,877
Furniture and Fixtures	3,187
Equipment	223
Cherokee County Campus	4,091,533
Construction in Progress	-
	<u>4,527,820</u>
Less: Accumulated Depreciation	<u>242,740</u>
	<u>4,285,080</u>

***OTHER ASSETS***

Investments Held by Spartanburg County Foundation	508,220
	<u>508,220</u>

**TOTAL ASSETS**

\$ 5,106,902

**LIABILITIES AND NET ASSETS*****CURRENT LIABILITIES***

Accounts Payable	\$ 42,020
Due to Spartanburg County Foundation	14,188
Accrued Interest	19,541
Unearned Revenue	240
Cherokee County Bond - Current Portion	97,575
Total Current Liabilities	<u>173,564</u>

***LONG TERM LIABILITIES***

Cherokee County Bond	2,175,670
	<u>2,175,670</u>

***NET ASSETS***

Unrestricted	2,065,651
Temporarily Restricted	692,017
Total Net Assets	<u>2,757,668</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$ 5,106,902

**SPARTANBURG COMMUNITY COLLEGE FOUNDATION**

Statement of Activities  
For the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 143,544	\$ 150,802	\$ 294,346
NonCash Contributions	-	37,522	37,522
Special Events	129,668	-	129,668
Interest	259	6,223	6,482
Investment Income (loss)	-	(158,693)	(158,693)
Lease Income	200,440	-	200,440
Other	-	1,477	1,477
Net Assets Released from Restrictions	<u>151,144</u>	<u>(151,144)</u>	<u>-</u>
Total Revenues, Support, and Reclassifications	<u>625,055</u>	<u>(113,813)</u>	<u>511,242</u>
Expenses			
Program Services	156,257	-	156,257
Supporting Services	82,613	-	82,613
Special Events	133,708	-	133,708
Interest Expense	98,567	-	98,567
Depreciation Expense	<u>117,081</u>	<u>-</u>	<u>117,081</u>
Total Expenses	<u>588,226</u>	<u>-</u>	<u>588,226</u>
Change in Net Assets	36,829	(113,813)	(76,984)
Net Assets at Beginning of Year	<u>2,028,822</u>	<u>805,830</u>	<u>2,834,652</u>
Net Assets at End of Year	<u><u>2,065,651</u></u>	<u><u>692,017</u></u>	<u><u>2,757,668</u></u>

## SPARTANBURG COMMUNITY COLLEGE

### Notes To Financial Statements

June 30, 2009

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Operations:** Spartanburg Community College (the “College”), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Spartanburg, Union, and Cherokee counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College’s service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives as well as the Associate of Arts & Science degree program for students wishing to continue their education at a four year college or university.

Spartanburg Community College Foundation, Inc. (the “Foundation”) is a nonprofit organization that was formed June 28, 1983 to benefit and support education at Spartanburg Community College.

**B. Reporting Entity:** The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Spartanburg Community College, as the primary government reporting unit, and the accounts of Spartanburg Community College Foundation, its component unit. The College is part of the primary government of the State of South Carolina. However, based on the nature and significance of the Foundation’s relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 35-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation’s operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial reporting entity for these differences. However, significant note disclosures to the Foundation’s financial statements have been incorporated into the College’s notes to the financial statements. (See Note R within this Summary of Significant Accounting Policies.)

Financial statements for the Foundation can be obtained by mailing a request to: Spartanburg Community College Foundation, Post Office Box 4386, Spartanburg, South Carolina 29305.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,** Continued

**C. Financial Statements:** The financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows that replaces the fund-group perspective previously required.

**D. Basis of Accounting:** For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

**E. Cash and Cash Equivalents:** For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

**F. Investments:** Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds". GASB Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3*, requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

**G. Accounts Receivable:** Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

**H. Inventories:** Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,** Continued

**I. Capital Assets:** Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

**J. Deferred Revenues and Deposits:** Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits represent tuition for international students, student fee refunds, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

**K. Compensated Absences:** Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of long-term liabilities in the statement of net assets and as a component of benefit expenses in the statement of revenues, expenses, and changes in net assets.

**L. Net Assets:** The College's net assets are classified as follows:

*Invested in capital assets, net of related debt:* This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

*Restricted net assets - expendable:* Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Restricted net assets - nonexpendable:* Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.



**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,** Continued

*Unrestricted net assets:* Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

**M. Income Taxes:** The College is exempt from income taxes under the Internal Revenue Code.

**N. Classification of Revenues:** The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

**O. Sales and Services of Educational and Other Activities:** Revenues from sales and services of educational and other activities generally consist of amounts received from instructional and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The College receives such revenues from programs such as culinary arts luncheons, horticultural plant sales and massage therapy sessions.

**P. Auxiliary Enterprises and Internal Service Activities:** Auxiliary enterprise revenues primarily represent revenues generated by bookstore services and vending. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

**Q. Capitalized Interest:** The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with the capital projects that will be capitalized in the applicable capital asset categories upon completion. The College incurred \$496,821 of interest cost during the year ended June 30, 2009, all of which was charged to expense.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,** Continued

**R. Component Unit:** The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

***Permanently Restricted Net Assets:*** Permanently Restricted Net Assets are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

***Temporarily Restricted Net Assets:*** Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

***Unrestricted Undesignated Net Assets:*** Unrestricted Undesignated Net Assets are not subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

***Unrestricted Designated Net Assets:*** Unrestricted Designated Net Assets are not subject to donor-imposed restrictions but subject to Foundation Board imposed stipulations.

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

**NOTE 2 – STATE APPROPRIATIONS**

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical and community colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 2 – STATE APPROPRIATIONS**, Continued

The following is a reconciliation of the state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2009:

**Non-Capital Appropriations**

Appropriations Per State Board Allocation	\$ 7,301,402
Appropriations for Cherokee Campus	1,170,238
Lottery Technology Funds	292,279
Appropriations from Commission on Higher Education for Academic Endowment	928
Proviso 72.106 USC Upstate	-
Allied Health Allocation	174,434
Waldrop pipefitter Apprenticeship Grant	11,226
Less: Prior Year's Appropriations Recorded As Current Year Revenue	-
Plus: Next Year's Appropriations Recorded As Current Year Revenue	-
Total Non-capital Appropriations Recorded As Current Year Revenue	<u><u>\$ 8,950,507</u></u>

**Capital Appropriations**

2005-06 Appropriation Act - Proviso 73.18 - Cherokee Expansion	\$ -
Less: Prior Year's Appropriations Recorded As Current Year Revenue	-
Plus: Next Year's Appropriations Recorded As Current Year Revenue	-
Total Capital Appropriations Recorded As Current Year Revenue	<u><u>\$ -</u></u>

**Research Infrastructure Bond Proceeds**

Proceeds Drawn During the Current Fiscal Year - Life Science Deferred Maint.	\$ -
Plus: Expenses Incurred but Not Drawn During Current Fiscal Year	-
Less: Proceeds Drawn but Not Expended During the Current Fiscal Year	-
Total Research Infrastructure Bond Proceeds Recorded as Current Year Revenue	<u><u>\$ -</u></u>

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**DEPOSITS**

State Law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that a government will not be able to recover deposits if the depository financial institution fails or to recover the value of collateral securities that are in the possession of an outside party if the counterparty transaction fails.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 3 – DEPOSITS AND INVESTMENTS**, Continued

The College's policy concerning custodial credit risk is to invest surplus funds of the College in a manner that maximizes return to the College while safeguarding against any potential of loss. The President is authorized to invest surplus funds or may delegate this responsibility to the Executive Vice President. Investments shall be selected from financial institutions on a competitive basis through an informal bidding process (and all in compliance with State laws and regulations). All investments shall be protected by FDIC, FSLIC, and/or have sufficient pledged securities as collateral. This policy was formally approved by the Commission on August 16, 2004.

The deposits for Spartanburg Community College at June 30, 2009, were \$8,723,940. Of these, the amount of \$8,123,600 was collateralized with securities held by the pledging institution and FDIC insurance. There was a large deposit of \$2MM made on June 30, 2009 that was not reported to the pledging institution until the deposit posted overnight. As of July 1, 2009, the collateral was adjusted by the pledging institution and the entire balance was once again collateralized.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Spartanburg Community College does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the College is not exposed to this risk.

**INVESTMENTS**

The College is authorized, by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

The College's investments at June 30, 2009, that are not with the State Treasurer's Office are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Spartanburg Community College Investments

Investment Type	Investment Maturities (In Years)				
	Fair Value Amounts	Less Than 1	1-5	6-10	More Than 10
Debt Securities:					
Repurchase Agreements	\$ 7,873,601	7,873,601	-	-	-
Total Investments	\$ 7,873,601	7,873,601	-	-	-

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 3 – DEPOSITS AND INVESTMENTS**, Continued

The College's policy concerning custodial credit risk is to invest surplus funds of the College in a manner that maximizes return to the College while safeguarding against any potential of loss. The President is authorized to invest surplus funds or may delegate this responsibility to the Executive Vice President. Investments shall be selected from financial institutions on a competitive basis through an informal bidding process. All investments shall be protected by FDIC, FSLIC, and/or have sufficient pledged securities as collateral. This policy was formally approved by the Commission on August 16, 2004.

The College's investments at June 30, 2009, were held by the College or in the College's name by the College's custodial banks. The College recognized no losses due to the default by counterparts to investment transactions and amounts recovered from prior period losses.

**Credit Risk**

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations.

The College's policy concerning credit risk is to invest surplus funds of the College in a manner that maximizes return to the College while safeguarding against any potential of loss. The President is authorized to invest surplus funds or may delegate this responsibility to the Executive Vice President. Investments shall be selected from financial institutions on a competitive basis through an informal bidding process. All investments shall be protected by FDIC, FSLIC, and/or have sufficient pledged securities as collateral. This policy was formally approved by the Commission on August 16, 2004.

The College's rated debt investment as of June 30, 2009, was rated by Moody's Investors Service and is listed below using the Moody's Investors Service rating scale.

Spartanburg Community College Rated Debt Investments

	Quality Ratings					Unrated
	Fair Value	AAA	AA	A	A1+	
<b><u>Rated Debt Investments</u></b>						
Repurchase Agreements	7,873,601	-	-	-	-	7,873,601

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College does not have a policy on concentration of credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities.

The College does not have a policy concerning interest rate risk.

For the year ended June 30, 2009, the previous tables show the investments by the specific identification method.

**SPARTANBURG COMMUNITY COLLEGE**

## Notes To Financial Statements, Continued

June 30, 2009

**NOTE 3 – DEPOSITS AND INVESTMENTS**, Continued**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Spartanburg Community College does not maintain investments that are denominated in a currency other than the United States dollar, and therefore, the college is not exposed to this risk.

**Cash and Investment Reconciliation**

The following schedule reconciles cash and investments as reported on the Statement of Net Assets to footnote disclosure provided for deposits and investments.

## STATEMENT OF NET ASSETS:

Cash and Cash Equivalents	\$ 7,769,538
Restricted Cash and Cash Equivalents	-
Total	<u>\$ 7,769,538</u>

## DEPOSITS AND INVESTMENTS NOTE:

Cash on Hand	\$ 5,150
Carrying Amounts of Investments	7,764,388
Total	<u>\$ 7,769,538</u>

**COMPONENT UNIT-DEPOSITS AND INVESTMENTS**

The deposits and investments for the Spartanburg Community College Foundation, Inc. at June 30, 2009, were as follows:

Cash	\$ 129,355
Cash restricted for Cherokee County Campus	52,742
Cash restricted for use by Alumni Association	1,700

The Foundation has established several investment funds with Spartanburg County Foundation. The funds are held, managed, administered, applied and disbursed under general powers and duties of the Spartanburg County Foundation

The investment funds are carried as assets on the Foundation's financial statements, since these funds were established by the Spartanburg Community College Foundation with the Foundation as the beneficiary. The proceeds of these funds are to be used for scholarship assistance for students attending Spartanburg Community College or for the benefit of the College depending on the purpose of the individual investment funds.

The following is a summary of the activity in the investment funds for the year ended June 30, 2009, as reported by the Spartanburg County Foundation:

Balance - July 1, 2008	\$ 659,137
Contributions	38,222
Interest/Dividend Income	6,222
Realized Gains/(Losses)	(16,287)
Unrealized Gains/(Losses)	(142,407)
Distributions	(26,750)
Management Fees	(9,917)
Balance - June 30, 2009	<u>\$ 508,220</u>

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 4 – ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2009, including applicable allowances, were as follows:

Receivables:

Student Accounts	\$ 965,443
Less: Allowance for Doubtful Accounts	(438,243)
Other	530,018
Cherokee County	4,053
Spartanburg County	283,170
State Grants and Contracts	381,015
State Appropriation - Allied Health	174,426
Federal Grants and Other Contracts	191,357
	<hr/>
Net Accounts Receivable	<u>\$ 2,091,239</u>

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2009, the allowance for uncollectible student accounts is valued at \$438,243.

***Component Unit***

At June 30, 2009, accounts receivable relate primarily to revenue earned from ticket sales and sponsorships during the Red, White, and Boom event held in June 2009. These sponsorships and ticket sales are included in Special Events revenue on the accompanying Statement of Activities. All accounts receivable are expected to be collected during the next year. The amount of accounts receivable at June 30, 2009 is \$13,259.

**NOTE 5 – PLEDGES RECEIVABLE COMPONENT UNIT**

The Foundation had no pledges receivable at June 30, 2009.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 6 – CAPITAL ASSETS**

	Beginning Balance 06/30/08	Additions	Retirements	Transfers	Ending Balance 06/30/09
Capital Assets Not Being Depreciated:					
Land and Improvements	\$ 1,901,665	-	-	-	1,901,665
Construction in Progress	1,163,139	1,439,457	991,555	-	1,611,041
Works of Art, Historical Treasures, and Similar Assets	14,644	-	-	-	14,644
Total Capital Assets Not Being Depreciated	<u>3,079,448</u>	<u>1,439,457</u>	<u>991,555</u>	<u>-</u>	<u>3,527,350</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	46,205,089	870,478	-	-	47,075,567
Machinery, Equipment, and Other	5,396,372	561,552	114,513	-	5,843,411
Vehicles	452,800	96,865	-	7,100	556,765
Depreciable Land Improvements	1,862,633	121,077	-	-	1,983,710
Intangibles Assets	217,143	-	-	-	217,143
Total Capital Assets Being Depreciated	<u>54,134,037</u>	<u>1,649,972</u>	<u>114,513</u>	<u>7,100</u>	<u>55,676,596</u>
Less Accumulated Depreciation For:					
Buildings and Improvements	10,848,889	1,173,319	-	-	12,022,208
Machinery, Equipment and Other	4,065,784	562,110	110,598	-	4,517,296
Vehicles	355,295	50,916	-	-	406,211
Depreciable Land Improvements	1,234,165	62,652	-	-	1,296,817
Intangibles	217,143	-	-	-	217,143
Total Accumulated Depreciation	<u>16,721,276</u>	<u>1,848,997</u>	<u>110,598</u>	<u>-</u>	<u>18,459,675</u>
Capital Assets Being Depreciated, Net	<u>37,412,761</u>	<u>(199,025)</u>	<u>3,915</u>	<u>7,100</u>	<u>37,216,921</u>
Capital Assets, Net	<u>\$ 40,492,209</u>	<u>1,240,432</u>	<u>995,470</u>	<u>7,100</u>	<u>40,744,271</u>

Certain Real Estate Assets Carry Restrictions. See Note 9.

The Gain/(Loss) on Disposal of Assets consisted of the following:

Gain on Disposals	\$ 0
(Loss) on Disposals	<u>(14,810)</u>
Net Gain/(Loss) on Disposals	<u>\$ (14,810)</u>

**Component Unit**

	6/30/2009
Capital Assets Not Being Depreciated:	
Land and Improvements	\$ 432,877
Construction in Progress	-
Total Capital Assets Not Being Depreciated	<u>432,877</u>
Other Capital Assets:	
Buildings	4,091,533
Machinery, Equipment, and Other	3,410
Total Other Capital Assets at Historical Cost	<u>4,094,943</u>
Less Accumulated Depreciation for:	
Machinery, Equipment, and Buildings	242,740
Other Capital Assets, Net	<u>3,852,203</u>
Capital Assets, Net	<u>\$ 4,285,080</u>



**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 7 – PENSION PLAN(S)**

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, South Carolina Retirement Systems, PO Box 11960, Columbia, South Carolina 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

***South Carolina Retirement System***

The majority of employees of Spartanburg Community College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

From July 1, 1988 to June 30, 2005 employees participating in the SCRS have been required to contribute 6.0 percent of all compensation. On July 1, 2005, the required employee contribution increased to 6.25 percent. On July 1, 2006, the required employee contribution increased to 6.50 percent. Effective July 1, 2007, the employer contribution rate became 12.48 percent which included a 3.42 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2009, 2008, and 2007, were \$2,801,484, \$2,541,789, and \$2,308,497, respectively, and equaled the required contributions of 8.05 percent (excluding the surcharge) for fiscal year 2007, and 9.06 percent (excluding the surcharge) for 2008 and 2009. Also, the College paid employer group-life insurance contributions of \$24,935 in the current fiscal year at the rate of .15 percent of compensation.

***Police Officers Retirement System***

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 7 – PENSION PLAN(S)**, Continued

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2007, the employer contribution rate became 13.72 percent which, as for the SCRS, included the 3.42 percent surcharge. The College's actual contributions for the years ended June 30, 2009, 2008 and 2007, were \$5,041, \$6,945, and \$6,738, respectively, and equaled the required contributions of 10.3 percent (excluding surcharge) for each year. Also, the College paid employer group-life insurance contributions of \$71 and accidental death insurance contributions of \$71 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

***Optional Retirement Program***

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.06 percent plus the retiree surcharge of 3.42 percent from the employer in fiscal year 2009.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement group-life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$200,477 (excluding the surcharge) from Spartanburg Community College as employer and \$101,094 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$2,333 in the current fiscal year at the rate of .15 percent of compensation.

***Deferred Compensation Plans***

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 401(r), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 7 – PENSION PLAN(S), Continued**

***Teacher and Employee Retention Incentive***

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who choose to participate in the TERI Program, prior to July 1, 2005 will not be required to make SCRS contributions.

SCRS employer contribution will increase by .26% effective July 1, 2009.

**NOTE 8 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS**

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the College are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for these State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

These benefits are provided through annual appropriations by the General Assembly to the College for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the College for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$1,279,286 for the year ended June 30, 2009. As discussed in Note 8, the College paid \$569,732 applicable to the 3.42 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to the College's retirees is not available. By State law, the College has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 9 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS**

The College may be party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset categories upon completion. At June 30, 2009, the College had remaining commitment balances of approximately \$814,639 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities. Remaining commitment balances with certain parties related to these projects total \$19,625 at June 30, 2009.

The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and state capital improvement bond proceeds.

During the 1998-99 fiscal year, the college received a non-interest bearing advance of \$400,000 from the General Assembly to be used to purchase a building. This note will be repaid if the building is sold. For financial reporting purposes, this amount is classified on the Statement of Net Assets as "Other liabilities-Advance" under Non-Current Liabilities.

Two buildings, the Health Building on the main campus and the Academic Building on the Cherokee County campus, were partially funded by grants from the Economic Development Administration (EDA). As a condition of the grants, the College entered into a twenty year mortgage agreement on the property with the EDA. The mortgage creates a contingent liability that would be imposed in the event that Spartanburg Community College acted in a manner prohibited by the award. According to the agreement, the College may not transfer or convey, including leasing the property, without the written consent of EDA. The College must maintain insurance coverage and must keep the property in good condition. The possibility of this mortgage resulting in a liability for the College is remote. Therefore, the contingent liability is not reflected in the College's financial statements.

**NOTE 10 – LEASE OBLIGATIONS**

**Capital Leases:**

The College entered into a 20-year lease agreement with the Spartanburg Community College Foundation on September 29, 2005. This agreement is for the lease of the Business Training Center on the Cherokee Campus. The lease began on the first day of the month after the month in which the facility was ready for occupancy. The first payment was on January 25, 2007.

Spartanburg Community College has the option to purchase all of its rights, title and interest at any time during the initial term or any extended term of the lease at a price equal to the sum of (a) the 2003 land appraisal of the value of the land per acre, times the acreage of the leased property (b) the Spartanburg Community College Foundation's un-financed capital expenditures invested in the facility and other improvements on the property, and (c) the aggregate outstanding balance of all loans incurred by the Foundation to construct the building, access roads and parking.

**SPARTANBURG COMMUNITY COLLEGE**

## Notes To Financial Statements, Continued

June 30, 2009

**NOTE 10 – LEASE OBLIGATIONS**, Continued

The cost of the building is \$2,578,561 and the accumulated depreciation is \$128,928 at June 30, 2009.

The capital lease with the Spartanburg Community College Foundation was \$199,000 for the year ended June 30, 2009.

Future minimum payments to be paid:

<u>Year Ended June 30</u>	<u>Capital Lease with Discretely Presented Component Units</u>
2010	\$ 199,000
2011	199,000
2012	199,000
2013	199,000
2014	199,000
2015-2019	995,000
2020-2024	995,000
2025-2026	398,000
Total Minimum Payments	<u>\$ 3,383,000</u>
Less: Interest	(989,561)
Present Value of Net Minimum Lease Payment	<u><u>\$ 2,393,439</u></u>

**Operating Leases:**

Future commitments for copier and postage meter operating leases having remaining non-cancelable terms in excess of one year as of June 30, 2009 were as follows:

<u>Year Ended June 30</u>	<u>Operating Leases with External Parties</u>
2010	\$ 50,540
2011	45,775
2012	39,105
2013	12,190
Total Minimum Payments	<u><u>\$ 147,610</u></u>

Contingent rentals for copier leases paid on a cost-per-copy basis are as follows:

<u>Year Ended June 30</u>	<u>Operating Leases With External Parties</u>
2009	\$ 64,904

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 10 – LEASE OBLIGATIONS**, Continued

The College's non-cancelable operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases and are generally payable on a monthly basis. Total rental payments for copier equipment were \$39,105 for fiscal year 2009. The rental payments on the postage meter were \$11,435, and we paid \$64,904 for cost-per-copy copiers.

Facilities Leased to Others:

<u>Year Ended June 30</u>	<u>Building Leased To External Parties</u>
2009	\$ 90,000

Future minimum payments to be received:

<u>Year Ended June 30</u>	<u>Operating Leases With External Parties</u>
2010	\$ 90,000

Spartanburg Community College has a lease agreement with Spartanburg County to lease the Dent Building at the cost of \$3 per square foot. Spartanburg Community College had a one-year agreement with Spartanburg County in the amount of \$90,000 and plans to continue the lease an additional year.

The original cost of the building was \$999,057 and additional improvements have been made in the amount of \$264,110. The accumulated depreciation is \$345,936.

**NOTE 11 – ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2009 are summarized as follows:

Accounts Payable, Unrestricted	\$ 129,963
Accounts Payable, S.C. Commission on Higher Education	-
Accounts Payable, Non-Current - Budgetex	5,464
Accrued Salaries and Related Payroll Expenses	-
Accrued Compensated Absences	-
Accrued Interest	-
	<hr/>
Total Accounts Payable	<u><u>\$ 135,427</u></u>

***Component Unit***

The Foundation has accounts payable in the amount of \$42,020 as of June 30, 2009.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 12 – BONDS AND NOTES PAYABLE**

***Bonds Payable***

Bonds payable consisted of the following at June 30, 2009:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Balance</u>
Special Student Fee Capital Improvement Bonds:			
Series 1999	4.88%	03/01/2014	\$ 1,305,991
Series 2001	4.80%	03/01/2016	1,438,439
Series 2004	3.45%	03/01/2019	4,120,000
Series 2005	3.74%	11/01/2020	2,603,169
Total Special Student Fee Bonds Payable			<u>\$ 9,467,599</u>

By the authority of Section 59-53-53 of the SC Code of Laws, the area commission on any Community education institution under the jurisdiction of the South Carolina Community education system may borrow for capital improvements from a federal or other lending agency an amount not to exceed its ability to repay the loan through the imposition of a special fee. The terms of the loan may not exceed forty years. An area commission may issue covenants, enter into mortgages, and grant liens limiting the sale or use of certain parcels of real or personal property in its possession when required as a condition of accepting a grant, loan, or donation for specified capital improvement projects.

To amortize the loan, a special fee must be imposed within the limits established by the state board, the proceeds of which must be deposited in a special account to be used for payment of the loan in accordance with the terms negotiated by the commission and the lender. No funds other than the revenue from the special fees may be pledged for payment of the loan.

The College is required to maintain revenue in the amount of 110% of the debt service payments due in each bond year on the Health Science and Student Life Buildings. The College is required to maintain revenue in the amount of 105% of the debt service payment due in each bond year on the Library Building and the Tyger River Campus. The table below indicates that the College exceeds this covenant requirement.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 12 – BONDS AND NOTES PAYABLE**, Continued

			<u>Student Fees</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
Bond Issue						
Series 1999	2000	\$	325,638	213,050	84,851	297,901
	2001		331,809	152,505	145,396	297,901
	2002		389,307	160,116	137,785	297,901
	2003		376,776	168,107	129,794	297,901
	2004		367,750	176,496	121,405	297,901
	2005		339,013	185,304	112,597	297,901
	2006		354,827	194,553	103,348	297,901
	2007		347,997	204,262	93,639	297,901
	2008		381,555	214,456	83,445	297,901
	2009		399,582	225,159	72,742	297,901
Series 2001	2002	\$	369,839	129,532	114,845	244,377
	2003		312,539	127,304	117,073	244,377
	2004		286,513	133,488	110,889	244,377
	2005		282,348	139,972	104,405	244,377
	2006		296,916	146,771	97,606	244,377
	2007		291,316	153,901	90,476	244,377
	2008		319,316	161,377	83,000	244,377
	2009		334,372	169,216	75,161	244,377
Series 2004	2005	\$	447,457	200,000	164,862	364,862
	2006		495,346	215,000	176,659	391,659
	2007		454,369	235,000	168,878	403,878
	2008		796,563	255,000	160,919	415,919
	2009		520,005	275,000	151,392	426,392
Series 2005	2006	\$	455,178	83,548	57,180	140,728
	2007		308,341	164,808	116,648	281,456
	2008		338,345	170,819	110,637	281,456
	2009		354,755	177,656	103,800	281,456



**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 12 – BONDS AND NOTES PAYABLE**, Continued

The scheduled maturities of the bonds payable by type are as follows:

Year Ending June 30	Interest Due	Principal Due	Total Due
2010	\$ 378,413	893,288	1,271,701
2011	341,201	945,765	1,286,966
2012	302,133	999,300	1,301,433
2013	259,889	1,054,605	1,314,494
2014	216,007	1,111,100	1,327,107
2015-2020	534,200	4,463,541	4,997,741
Total	<u>\$ 2,031,843</u>	<u>9,467,599</u>	<u>11,499,442</u>

**Component Unit**

During October 2005, the Foundation was issued an Economic Development Bond by the South Carolina Jobs Economic Development Authority to defray the cost of acquiring, by construction and purchase, a Cherokee County Campus for use by Spartanburg Community College. The bond matures October 1, 2025. Interest and principal on the outstanding balance is payable semi-annually. The bond bears interest at 4.24%. The interest paid through March 9, 2007 was capitalized in the amount of \$159,000 and is included in the cost of the building in the accompanying Statement of Financial Position. The long-term debt maturities required in the future and in the aggregate are as follows:

June 30,	
2010	\$ 97,575
2011	101,757
2012	106,116
2013	110,663
2014	115,405
Thereafter	<u>1,741,729</u>
	<u>2,273,245</u>

Interest expense for the year ended June 30, 2009 was \$98,567.

**NOTE 13 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2009 was as follows:

	June 30, 2008	Addition	Reductions	June 30, 2009	Due Within One Year
Bonds and Notes Payable:					
Special Student Fee Capital Bonds	\$ 10,314,630	-	847,031	9,467,599	893,288
Capital Lease Obligations	2,487,941	-	94,502	2,393,439	98,552
Accrued Compensated Absences	1,098,636	561,916	491,909	1,168,643	110,289
Total Long-Term Liabilities	<u>\$ 13,901,207</u>	<u>561,916</u>	<u>1,433,442</u>	<u>13,029,681</u>	<u>1,102,129</u>

Additional information regarding Bonds and Notes Payable is included at Note 12.

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS – COMPONENT UNIT**

At June 30, 2009 the Foundation had temporarily restricted net assets as follows:

Cherokee County Campus	\$ 52,742
Alumni Association	1,700
Investments Held by Spartanburg County Foundation	508,220
Scholarships	19,595
Other Balances Held for College Support	109,760
Total	<u>\$ 692,017</u>

**NOTE 15 – RELATED PARTIES**

A certain separately chartered legal entity whose activities are related to those of the College exists primarily to provide financial assistance and other support to the College and its educational program. Financial statements for that entity are prepared by accountants and retained by the Spartanburg Community College Foundation (the "Foundation").

Management reviewed its relationship with the Foundation under existing guidance of GASB Statement No. 14, as amended by GASB 39. Because of the nature and the significance of its relationship with the College, the Foundation is considered a component unit of the College.

Following is a more detailed discussion of the Foundation and a summary of significant transactions between the Foundation and the College for the year ended June 30, 2009.

**The Spartanburg Community College Foundation**

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the College. The Foundation's activities are governed by its Board of Directors.

The College recorded non-governmental gifts receipts of \$3,112 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2009. These funds were used to support College programs such as scholarships. Funds were also provided for equipment and faculty and staff development. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space and support services to the Foundation. Additionally, the Foundation paid the College a total of \$34,116 for administrative services during the year.

The College also leases a building under a capital lease located on the Cherokee County Campus from the Foundation. Lease payments were \$199,000 for the year ended June 30, 2009.

The Foundation's assets as of June 30, 2009 were \$5,106,902.

Related party receivables and payables as of June 30, 2009 are as follows:

Due from the Foundation	\$ 25,410
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**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 16 – RISK MANAGEMENT**

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group-life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters
- Medical malpractice claims against the Infirmary

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College is insured through the State's blanket fidelity bond insurance policy for all employees for losses arising from theft or misappropriation.

**NOTE 17 – OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the year ended June 30, 2009 are summarized as follows:

	Compensation	Benefits	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 10,601,043	2,833,355	-	-	3,160,716	-	16,595,114
Academic Support	1,772,720	496,514	-	-	617,469	-	2,886,703
Student Services	2,055,562	599,570	-	-	755,435	-	3,410,567
Operation & Maintenance of Plant	1,243,148	358,120	-	830,653	1,435,587	-	3,867,508
Institutional Support	3,113,991	568,654	-	-	1,846,523	-	5,529,168
Scholarships & Fellowships	-	-	6,980,382	-	-	-	6,980,382
Auxiliary Enterprises	155,350	49,443	-	-	2,516,063	-	2,720,856
Depreciation	-	-	-	-	-	1,849,000	1,849,000
Total Operating Expenses	<u>\$ 18,941,814</u>	<u>4,905,656</u>	<u>6,980,382</u>	<u>830,653</u>	<u>10,331,793</u>	<u>1,849,000</u>	<u>43,839,298</u>

**SPARTANBURG COMMUNITY COLLEGE**

## Notes To Financial Statements, Continued

June 30, 2009

**NOTE 18 – PURCHASES WITH OTHER SC HIGHER EDUCATION INSTITUTIONS**

The College had significant financial transactions with other South Carolina public institutions of higher education during the fiscal year. The College received goods and/or services from other South Carolina higher education institutions for a fee, as listed below:

	<u>Purchases</u>
Clemson University	\$ 970
University of South Carolina	9,931
Greenville Technical College	1,298
Trident Technical College	15,607
Midlands Technical College	46
Piedmont Technical College	1,796
Tri-County Technical College	8,300
Total Purchases	<u>\$ 37,948</u>

**NOTE 19 – STATEMENT OF ACTIVITIES**

	<u>2009</u>	<u>2008</u>	<u>Increase/ (Decrease)</u>
Charges for Services	\$ 26,776,520	26,687,161	89,359
Operating Grants and Contributions	7,886,906	7,858,024	28,882
Capital Grants and Contributions	1,006,071	1,000,000	6,071
Less: Expenses	<u>(44,336,119)</u>	<u>(44,189,870)</u>	<u>(146,249)</u>
Net Program Revenue (Expense)	<u>(8,666,622)</u>	<u>(8,644,685)</u>	<u>(21,937)</u>
Transfers:			
State Appropriations	8,950,506	12,378,375	(3,427,869)
State Capital Appropriations	-	-	-
Capital Improvement Bond Proceeds	<u>-</u>	<u>1,162,995</u>	<u>(1,162,995)</u>
Total General Revenue and Transfers	<u>8,950,506</u>	<u>13,541,370</u>	<u>(4,590,864)</u>
Change in Net Assets	283,884	4,896,685	(4,612,801)
Net Assets - Beginning of Year	<u>35,513,274</u>	<u>30,616,589</u>	<u>4,896,685</u>
Net Assets - Ending	<u>\$ 35,797,158</u>	<u>35,513,274</u>	<u>283,884</u>

**SPARTANBURG COMMUNITY COLLEGE**  
Notes To Financial Statements, Continued  
June 30, 2009

**NOTE 20 – TRANSACTIONS WITH OTHER AGENCIES**

The College had significant transactions with the State of South Carolina and various agencies.

Several received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General.

Other Services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

**SPARTANBURG COMMUNITY COLLEGE**  
Schedule of Reconciliation of Revenues and Cash  
Reimbursements Received from State Board  
June 30, 2009

	STATE SUB FUND CODE	CURRENT FUND	
		UNRESTRICTED	RESTRICTED
NET REIMBURSEMENT REQUESTED			
(PER COLLEGE RECORDS)			
STATE APPROPRIATED - OPERATIONAL	1001	\$ 5,803,849	-
STATE APPROPRIATED - EMPLOYERS SHARE	1001	1,497,553	-
STATE APPROPRIATED - CHEROKEE EXPANSION	1001	1,259,732	-
STATE APPROPRIATED - CAPITAL PROJECTS	3600	-	-
CAPITAL PROJECTS - OTHER FUNDS (SURPLUS LOTTERY)	3907	-	14,328
LOTTERY EQUIPMENT	43B1	-	292,279
LOTTERY TUITION	43B1	-	2,680,299
SPECIAL SCHOOLS ADMIN	1001	-	65,524
APPRENTICESHIP	1001	-	11,226
ALLIED HEALTH INITIATIVE	1001	-	174,434
PATHWAYS TO PROSPERITY	1001	-	48,150
EEDA PATHWAYS	3526	-	-
EEDA STATE TECHNOLOGY	43B1	-	-
FEDERAL - WIA INCENTIVE GRANTS	5055	-	-
RESEARCH UNIV INFRA BONDS / LIFE SCIENCES	42F4	-	-
SALE OF SURPLUS	3958	14,810	-
TORT LIABILITY REFUND	1001	-	-
TOTAL REIMBURSEMENTS REQUESTED		<u>8,575,944</u>	<u>3,286,240</u>
RECONCILIATION OF RECEIPTS TO REQUEST			
ADD: REIMBURSEMENTS RECEIVED FY 2008			
STATE APPROPRIATED - OPERATIONAL	1001	\$ 5,803,849	-
STATE APPROPRIATED - EMPLOYERS SHARE	1001	1,497,553	-
STATE APPROPRIATED - CHEROKEE EXPANSION	1001	1,259,732	-
STATE APPROPRIATED - CAPITAL PROJECTS	3600	-	1,162,995
CAPITAL PROJECTS - OTHER FUNDS (SURPLUS LOTTERY)	3907	-	14,328
LOTTERY EQUIPMENT	43B1	-	291,715
LOTTERY TUITION	43B1	-	2,712,562
SPECIAL SCHOOLS ADMIN	1001	-	55,096
APPRENTICESHIP	1001	-	-
ALLIED HEALTH INITIATIVE	1001	-	412,501
PATHWAYS TO PROSPERITY	1001	-	47,110
EEDA PATHWAYS	3526	-	-
EEDA STATE TECHNOLOGY	43B1	-	-
FEDERAL - WIA INCENTIVE GRANTS	5055	-	-
RESEARCH UNIV INFRA BONDS / LIFE SCIENCES	42F4	-	-
SALE OF SURPLUS	3958	14,810	-
TORT LIABILITY REFUND	1001	-	-
TOTAL CASH RECEIPTS DURING FISCAL YEAR		<u>8,575,944</u>	<u>4,696,307</u>
DEDUCT: REIMBURSEMENTS RECEIVABLE ON 6/30/08			
STATE APPROPRIATED - OPERATIONAL	1001	\$ -	-
STATE APPROPRIATED - EMPLOYERS SHARE	1001	-	-
STATE APPROPRIATED - CHEROKEE EXPANSION	1001	-	-
STATE APPROPRIATED - CAPITAL PROJECTS	3600	-	1,162,995
CAPITAL PROJECTS - OTHER FUNDS (SURPLUS LOTTERY)	3907	-	-
LOTTERY EQUIPMENT	43B1	-	145,575
LOTTERY TUITION	43B1	-	(16,143)
SPECIAL SCHOOLS ADMIN	1001	-	43,912
APPRENTICESHIP	1001	-	-
ALLIED HEALTH INITIATIVE	1001	-	412,493
PATHWAYS TO PROSPERITY	1001	-	18,231
EEDA PATHWAYS	3526	-	-
EEDA STATE TECHNOLOGY	43B1	-	-
FEDERAL - WIA INCENTIVE GRANTS	5055	-	-
RESEARCH UNIV INFRA BONDS / LIFE SCIENCES	42F4	-	-
SALE OF SURPLUS	3958	-	-
TORT LIABILITY REFUND	1001	-	-
TOTAL CASH RECEIPTS DURING 6/30/08		<u>-</u>	<u>1,767,063</u>
ADD: REIMBURSEMENTS RECEIVABLE ON 6/30/09			
STATE APPROPRIATED - OPERATIONAL	1001	\$ -	-
STATE APPROPRIATED - EMPLOYERS SHARE	1001	-	-
STATE APPROPRIATED - CHEROKEE EXPANSION	1001	-	-
STATE APPROPRIATED - CAPITAL PROJECTS	3600	-	-
CAPITAL PROJECTS - OTHER FUNDS (SURPLUS LOTTERY)	3907	-	-
LOTTERY EQUIPMENT	43B1	-	146,139
LOTTERY TUITION	43B1	-	(48,406)
SPECIAL SCHOOLS ADMIN	1001	-	54,340
APPRENTICESHIP	1001	-	11,226
ALLIED HEALTH INITIATIVE	1001	-	174,426
PATHWAYS TO PROSPERITY	1001	-	19,271
EEDA PATHWAYS	3526	-	-
EEDA STATE TECHNOLOGY	43B1	-	-
FEDERAL - WIA INCENTIVE GRANTS	5055	-	-
RESEARCH UNIV INFRA BONDS / LIFE SCIENCES	42F4	-	-
SALE OF SURPLUS	3958	-	-
TORT LIABILITY REFUND	1001	-	-
TOTAL CASH RECEIPTS DURING 6/30/07		<u>-</u>	<u>356,996</u>
TOTAL APPROVED REIMBURSEMENTS APPLICABLE TO FISCAL YEAR ENDED JUNE 30, 2008		<u>\$ 8,575,944</u>	<u>3,286,240</u>

**SPARTANBURG COMMUNITY COLLEGE**  
Schedule of Local Government Support  
For the Year Ended June 30, 2009

Schedule 2

**LOCAL GOVERNMENT**

Spartanburg County - Appropriation	\$ 4,159,199
Spartanburg County - Capital	998,971
Cherokee County - Appropriation	<u>298,671</u>
Total Support	<u><u>\$ 5,456,841</u></u>

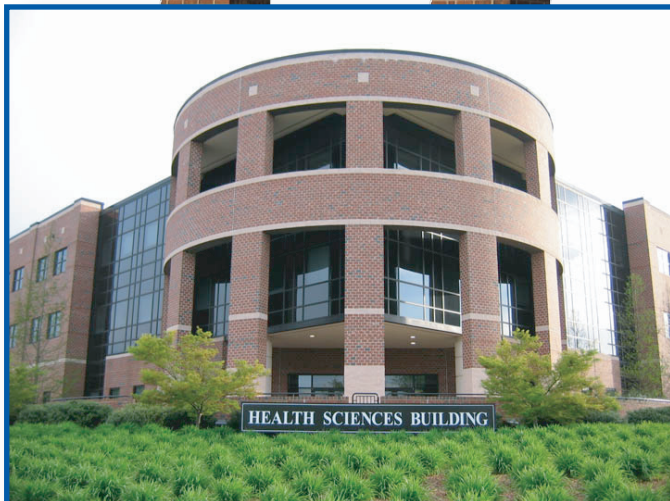
# Spartanburg Community College

**Independent Auditors' Reports Required by  
Government Auditing Standards and the Single Audit Act**

Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2009



## SPARTANBURG COMMUNITY COLLEGE







# SPARTANBURG COMMUNITY COLLEGE

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Independent Auditors' Report On Compliance With Requirements  
Applicable To Each Major Program And Internal Control  
Over Compliance In Accordance With OMB Circular A-133

Spartanburg Community College  
Spartanburg, South Carolina

Compliance

We have audited the compliance of Spartanburg Community College, a component unit of the South Carolina Technical and Comprehensive Education Board, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Spartanburg Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Spartanburg Community College's management. Our responsibility is to express an opinion on Spartanburg Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Spartanburg Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Spartanburg Community College's compliance with those requirements.

In our opinion Spartanburg Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Spartanburg Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Spartanburg Community College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Spartanburg Community College's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Spartanburg Community College's response to the prior findings identified in our audit is described in the accompanying schedule of prior audit findings and questioned costs. We did not audit Spartanburg Community College's response and, we express no opinion on it.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of Spartanburg Community College as of and for the year ended June 30, 2009, and have issued our report thereon dated September 10, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization and the federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in blue ink, appearing to read "Clint Brantley, CPA". The signature is fluid and cursive, with the letters "C", "B", and "C" being particularly prominent.

September 10, 2009

Independent Auditors' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Based On An Audit Of Financial Statements Performed  
In Accordance With Government Auditing Standards

Spartanburg Community College  
Spartanburg, South Carolina

We have audited the financial statements of Spartanburg Community College, a component unit of the South Carolina Technical and Comprehensive Education Board, as of and for the year ended June 30, 2009, and have issued our report thereon dated September 10, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Spartanburg Community College Foundation as described in our report on Spartanburg Community College's report. The Spartanburg Community College Foundation's financial statements were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Spartanburg Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Spartanburg Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Spartanburg Community College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Spartanburg Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Spartanburg Community College's financial statements that is more than inconsequential will not be prevented or detected by the Spartanburg Community College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Spartanburg Community College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Spartanburg Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in blue ink, reading "Clint Brantley CPA". The signature is fluid and cursive, with the letters "C", "B", and "C" being prominent.

September 10, 2009

**SPARTANBURG TECHNICAL COLLEGE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2009**

<b>Federal Grantor/Program Title/Grant Title</b>	<b>CFDA Number</b>	<b>GRANT PERIOD</b>	<b>Grant/Contract Number</b>	<b>FEDERAL EXPENDITURES</b>
<b><u>DEPARTMENT OF EDUCATION</u></b>				
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>				
Federal Supplemental Education Opportunity Grants (FSEOG)	84.007	2007-08		\$ 23,177
		2008-09		159,775
Federal Family Education Loans (FFEL)	84.032	2007-08		(9,801)
		2008-09		2,592,758
Federal PAL Loans		2008-09		15,700
Federal Work-Student Programs (FWS)	84.033	2007-08		18,948
		2008-09		162,517
Federal Pell Grant Program (PELL)	84.063	2007-08		(13,806)
		2008-09		7,266,650
Academic Competitive Grant	84.375	2007-08		750
		2008-09		100,389
Total Student Financial Aid				<u>10,317,056</u>
<b>TRIO CLUSTER</b>				
TRIO- Student Support Services	84.042A	2007-08		41,442
		2008-09		230,348
Total TRIO				<u>271,790</u>
<b><u>Pass Through South Carolina Department of Education</u></b>				
Perkins III Postsecondary Funding -	84.048A	2008-09		325,251
Total SC Department of Education				<u>325,251</u>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>				<u><u>10,914,097</u></u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<b><u>Pass through S.C. Department of Health and Human Services</u></b>				
T.E.A.C.H.	93.575	2008-09		437
<b>Total U.S. Department of Health and Human Services</b>				<u><u>437</u></u>
<b><u>SC DEPARTMENT OF COMMERCE</u></b>				
WIA - Occupational Certification LSP	N/A	2008-09		143,164
Pipefitter Apprenticeship Program	N/A	2008-09		51,388
LSP Mechatronics Tech Career Pathway	84.116	2008-09		8,940
<b>TOTAL SC DEPARTMENT OF COMMERCE</b>				<u><u>203,492</u></u>
<b><u>NATIONAL SCIENCE FOUNDATION</u></b>				
<b><u>Pass through Tri-County Technical College</u></b>				
NSF Engineering Articulation	47.076	2008-09		187
<b>Total National Science Foundation</b>				<u><u>187</u></u>
<b><u>Economic Development Administration (EDA)</u></b>				
Economic Dev Adm and Appalachian Reg. Comm.	11.300			
<b>Total Economic Development Administration (EDA)</b>				<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><u>\$ 11,118,212</u></u>

**SPARTANBURG COMMUNITY COLLEGE**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2009

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Spartanburg Community College. The reporting entity is defined in Note 1 of the College's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the College's financial statements.

3. FEDERAL LOAN PROGRAMS

The College has students who have approved loans which were received by those students during the current year. The College is not the lender, it only processes them for the lender the student chooses. The totals and types of loans received for the current fiscal year are:

Federal Family Education Loans (FFEL) -	Subsidized	\$	1,939,349
	Unsubsidized		<u>653,409</u>
		\$	<u><u>2,592,758</u></u>





September 11, 2009

Mr. Ben Kochenower  
Cline Brandt Kochenower & Co., P.A.  
Post Office Box 848  
Gaffney, SC 29342

Dear Mr. Kochenower:

The College has reviewed the finding cited during the financial audit for the fiscal year ending June 30, 2008. Our proposed corrective action for the finding is listed below.

**Findings and Questioned Costs Relating to Federal Awards:**

**SD 08-01                      Return to Title IV**

**Condition:** One Return to Title IV calculation was not made in a timely manner. The College has a policy in place to run the calculations at set times during the semester. The audit tested 40 students totaling \$137,463 within the Financial Aid Cluster. The questioned cost is \$260.

**Criteria:** For a student who ceases attendance, the student's withdrawal date is either the mid-point of the payment period (or period of enrollment), or a date the school determines most accurately reflects when the student ceased academic attendance.  
[34 CFR 668.22(c)(iii)iv]

**Cause:** An adjunct professor retroactively dropped a student, thereby circumventing the calculation's time window.

**Effect:** Title IV refunds were not remitted to the proper recipients.

**Recommendation:** We recommend that the College run one final R2T4 calculation after the close of the semester.

**Corrective Action:**

**Response:** The College has added an additional R2T4 calculation.

The College will run weekly R2T4 calculations until the end of the FlexStart term drop/add period. This should allow the College to make timely adjustments to student accounts that are needed because of the late submission of grades from the prior term.

**Follow-up to 2007/08 Audit Finding Related to Federal Awards:**

The College implemented a process to run a R2T4 calculation two weeks after each term to identify potential problems so they can be resolved and re-calculations can be made. The process appears to be working well.

Please let me know if you have any concerns or suggestions concerning the proposed corrective measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Henry C. Giles", with a long horizontal flourish extending to the right.

Henry C. Giles  
Executive Vice President

**SPARTANBURG COMMUNITY COLLEGE**  
Schedule of Findings and Questioned Costs  
June 30, 2009

**Summary of Auditors' Results:**

GAGAS

An unqualified opinion was issued on Spartanburg Community College's general purpose financial statements dated September 10, 2009.

There were no significant deficiencies or material weaknesses. No instances of noncompliance material to the financial statements were disclosed by the audit of their financial statements.

A-133

An unqualified opinion was also issued on compliance of major programs at Spartanburg Community College dated September 10, 2009. No significant deficiencies in the internal control over major programs were found. Our audit disclosed no audit findings that are required to be reported under OMB Circular A-133.

The major program at Spartanburg Community College is the Student Financial Aid Cluster from the U.S. Department of Education. Type A or major programs are defined as those that expended \$333,546 which is 3% of total Federal Awards expended at the College. Spartanburg Community College's total federal awards expended for the year ended June 30, 2009 were between \$10 million and \$100 million.

Spartanburg Community College did not qualify as a low risk auditee by the criteria listed in OMB Circular A-133.

**Findings Relating to Financial Statements:**

There were no findings relating to financial statements.

**Findings and Questioned Costs Relating to Federal Awards:**

There were no findings or questioned costs related to federal awards.

<u>Financial Aid Cluster</u>	<u>Federal CFDA Number</u>
U.S. Department of Education	
Federal Work Study	84.033
PELL	84.063
FSEOG	84.007
ACG	84.375
FFEL	84.032